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Local Counsel for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF NEVADA

In re:

SPECIALTY TRUST, INC., et al.

- ☒ Affects this Debtor
☐ Affects all Debtors
☐ Affects Specialty Acquisition Corp.
☐ Affects SAC II
☐ Affects SAC D-1, LLC

Chapter 11

**Jointly Administered under
Case No. 10-51432-GWZ**

Case Nos.:
10-51432
10-51437
10-51440
10-51441

**DECLARATION OF SCOTT MENCACCY IN
SUPPORT OF DEBTOR'S MOTION FOR
ORDER (I) AUTHORIZING THE SALE OF
DEBTOR'S BENEFICIAL INTEREST IN
PROMISSORY NOTE AND DEED OF TRUST
FOR BORROWER CAVIATA 184, LLC, FREE
AND CLEAR OF LIENS, AND (II) WAIVING
THE 14-DAY STAY UNDER F.R.B.P. 6004(h)**

**Hearing Date: May 17, 2011
Hearing Time: 2:00 p.m.**

I, Scott Mencaccy, hereby declare as follows:

- I make this declaration in support of Specialty Trust, Inc.'s ("Specialty Trust")

1 *Motion for Order (I) Authorizing the Sale of Debtor's Beneficial Interest in Promissory Note and*
2 *Deed of Trust for Borrower Caviata 184, LLC, Free and Clear of Liens, and (II) Waiving the 14-day*
3 *Stay Under F.R.B.P. 6004(h).* This declaration is based upon my own personal knowledge, unless
4 otherwise stated, and if called as a witness, I could and would testify competently as to the matters
5 contained herein.

6 2. I am the manage of VCH Capital Investments, LLC ("VCH Capital"), the proposed
7 purchaser of Specialty Trust's beneficial interest in the promissory note and deed of trust.

8 3. I am also the manager of another Nevada limited liability company, Sierra West
9 Management Services, LLC ("Sierra West"), which is unrelated to the transaction at issue here.
10 Richard Pennington, who is the brother of William D. Pennington a guarantor of the Caviata note
11 and deed of trust, is an additional manager of Sierra West.

12 4. Sierra West was formed as a business model to acquire real estate. The concept of
13 Sierra West never developed and I am not aware that Sierra West has ever been used for any
14 purpose. My sole connection was to be named as a manager due to my experience in the real estate
15 industry and Richard Pennington needed someone with this expertise in connection with his
16 proposed business model. Sierra West has been dissolved.

17 6. My only other connection with William D. Pennington is when I was worked at
18 American Management Services, Inc. doing business as Pinnacle Realty Management ("Pinnacle").
19 When I worked with in Pinnacle, both Richard Pennington and William D. Pennington were clients
20 of Pinnacle.

21 7. I have not had any discussions with William D. Pennington in relation to VCH
22 Capital's proposed purchase of the Caviata note and deed of trust from Specialty Trust. I have only
23 been in negotiations with Specialty Trust.

24 8. I understand that, because of VCH Capital's relationship with Sierra West, Specialty
25 Trust will not be requesting a finding at the hearing scheduled on May 17, 2011 that VCH Capital is
26 a "good faith purchaser" in connection with the sale of the Caviata note and deed of trust. However,
27 VCH Capital is still willing to consummate the sale.

28 9. VCH Capital's sole purpose in seeking to acquire the Caviata note and deed of trust is

1 to acquire a right to the property secured by the deed of trust, which would put VCH Capital in a
2 position of potentially being able to acquire the property at some point in the future. VCH Capital is
3 willing to acquire the Caviata note and deed of trust even though it is subject to a significant deed of
4 trust in favor of US Bank which is substantially more than current value of the property.

5 10. VCH Capital is in no way seeking to acquire the Caviata note and deed of trust,
6 including the related guarantees, so that the guarantors, including William D. Pennington will be
7 relieved of their obligations.

8 I declare under penalty of perjury pursuant to the laws of the United States that the foregoing
9 is true and correct.

10 Executed this 10 day of ^{June}~~May~~, 2011, at Rocklin, CA.

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12 SCOTT MENCACCY 
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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

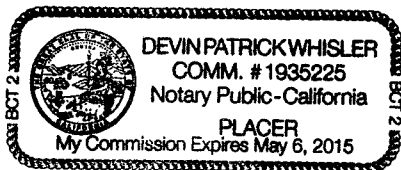
County of Placer

On 6/10/11 before me, Devin Patrick Whisler, Notary Public
Date Here Insert Name and Title of the Officer
 personally appeared Scott Mencaccy
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached DocumentTitle or Type of Document: DeclarationDocument Date: 6/10/11Number of Pages: 3Signer(s) Other Than Named Above: None**Capacity(ies) Claimed by Signer(s)**Signer's Name: Scott Mencaccy☒ Individual☐ Corporate Officer — Title(s): _____☐ Partner — ☐ Limited ☐ General☐ Attorney in Fact☐ Trustee☐ Guardian or Conservator☐ Other: _____

Signer Is Representing: _____

**RIGHT THUMBPRINT
OF SIGNER**
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Signer's Name: _____

☐ Individual☐ Corporate Officer — Title(s): _____☐ Partner — ☐ Limited ☐ General☐ Attorney in Fact☐ Trustee☐ Guardian or Conservator☐ Other: _____

Signer Is Representing: _____

**RIGHT THUMBPRINT
OF SIGNER**
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